



General Assembly

**Substitute Bill No. 5502**

February Session, 2014



**AN ACT CONCERNING CHANGES TO THE PROPERTY AND  
CASUALTY AND SURPLUS LINES INSURANCE STATUTES.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (a) of section 38a-316a of the general statutes is  
2 repealed and the following is substituted in lieu thereof (*Effective*  
3 *October 1, 2014*):

4 (a) No insurer that delivers, issues for delivery, renews, amends or  
5 endorses a homeowners insurance policy in this state on or after  
6 October 1, 2014, shall refuse to renew or issue such a policy solely on  
7 the basis that the insured or prospective insured has failed to install  
8 [permanent] storm shutters on his or her residential dwelling as a  
9 means of mitigating loss from hurricanes or other severe storms.

10 Sec. 2. Section 38a-316d of the 2014 supplement to the general  
11 statutes is repealed and the following is substituted in lieu thereof  
12 (*Effective October 1, 2014*):

13 (a) The declination, cancellation or nonrenewal of a homeowners  
14 insurance policy is prohibited if the declination, cancellation or  
15 nonrenewal is based solely on [a] any loss incurred as a result of [a]  
16 one or more catastrophic [event] events, as declared by a nationally  
17 recognized catastrophe loss index provider. For the purposes of this  
18 section, an insurer shall not be deemed to have declined, cancelled or

19 nonrenewed a policy if coverage is available through an affiliated  
20 insurer.

21 (b) The declination or nonrenewal of a homeowners insurance  
22 policy, the addition of a surcharge or any increase in the premium of  
23 such policy is prohibited if the declination, nonrenewal, surcharge or  
24 increase is based solely on any claim filed on the covered property  
25 while such property was owned by anyone other than the current  
26 applicant or insured, unless the risk from which such claim originated  
27 has not been mitigated.

28 (c) The cancellation or nonrenewal of a homeowners insurance  
29 policy or an increase in the premium of such policy is prohibited if the  
30 cancellation, nonrenewal or increase is based solely on inquiries made  
31 on such policy or a claim filed under such policy that resulted in a loss  
32 coverage payment by the insurer of less than five hundred dollars or in  
33 no loss coverage payment. Such prohibition shall not apply if the  
34 insured filed more than one claim resulting from a noncatastrophic  
35 event in the three policy years immediately preceding that resulted in  
36 any loss coverage payment by the insurer.

37 Sec. 3. Section 38a-307 of the general statutes is repealed and the  
38 following is substituted in lieu thereof (*Effective October 1, 2014, and*  
39 *applicable to policies issued or renewed on or after said date*):

40 Except as provided in section 38a-307a, the standard form of fire  
41 insurance policy of the state of Connecticut, with permission to  
42 substitute for the word "Company" a more accurate descriptive term of  
43 the type of insurer, shall be as follows:

44 [Space for insertion of name of company or companies issuing the  
45 policy and other matter permitted to be stated at the head of the  
46 policy.]

47 [Space for listing amounts of insurance, rates and premiums for the  
48 basic coverages insured under the standard form of policy and for  
49 additional coverages or perils insured under endorsements attached.]

In Consideration of the Provisions and Stipulations  
Herein or Added Hereto

AND OF ..... DOLLARS PREMIUM

this company, for the term	}	from the .... day of .... 20..	{	at noon,
of ....		to the .... day of .... 20..		Standard Time, at location of property involved

to an amount not exceeding ..... Dollars,  
does insure .....

50 and legal representatives, to the extent of the actual cash value of the  
51 property at the time of loss, but not exceeding the amount which it  
52 would cost to repair or replace the property with material of like kind  
53 and quality within a reasonable time after such loss, without allowance  
54 for any increased cost of repair or reconstruction by reason of any  
55 ordinance or law regulating construction or repair, and without  
56 compensation for loss resulting from interruption of business or  
57 manufacture, nor in any event for more than the interest of the  
58 insured, against all DIRECT LOSS BY FIRE, LIGHTNING AND BY  
59 REMOVAL FROM PREMISES ENDANGERED BY THE PERILS  
60 INSURED AGAINST IN THIS POLICY, EXCEPT AS HEREINAFTER  
61 PROVIDED, to the property described hereinafter while located or  
62 contained as described in this policy, or pro rata for five days at each  
63 proper place to which any of the property shall necessarily be removed  
64 for preservation from the perils insured against in this policy, but not  
65 elsewhere. The actual cash value at the time of loss for a building  
66 described herein shall be the amount which it would cost to repair or  
67 replace such building with material of like kind and quality, minus  
68 reasonable depreciation. As used herein, "depreciation" means a  
69 decrease in value of real property over a period of time due to wear  
70 and tear.

71 Assignment of this policy shall not be valid except with the written  
72 consent of this Company.



104 Other Insurance. Other insurance may be prohibited or the amount  
105 of insurance may be limited by endorsement attached hereto.

106 Conditions suspending or restricting insurance. Unless otherwise  
107 provided in writing added hereto this Company shall not be liable for  
108 loss occurring (a) while the hazard is increased by any means within  
109 the control or knowledge of the insured; or (b) while a described  
110 building, whether intended for occupancy by owner or tenant, is  
111 vacant or unoccupied beyond a period of sixty consecutive days; or (c)  
112 as a result of explosion or riot, unless fire ensue, and in that event for  
113 loss by fire only.

114 Other perils or subjects. Any other peril to be insured against or  
115 subject of insurance to be covered in this policy shall be by  
116 endorsement in writing hereon or added hereto.

117 Added provisions. The extent of the application of insurance under  
118 this policy and of the contribution to be made by this Company in case  
119 of loss, and any other provision or agreement not inconsistent with the  
120 provisions of this policy, may be provided for in writing added hereto,  
121 but no provision may be waived except such as by the terms of this  
122 policy is subject to change.

123 Waiver provisions. No permission affecting this insurance shall  
124 exist, or waiver of any provision be valid, unless granted herein or  
125 expressed in writing added hereto. No provision, stipulation or  
126 forfeiture shall be held to be waived by any requirement or proceeding  
127 on the part of this Company relating to appraisal or to any  
128 examination provided for herein.

129 Cancellation of policy. This policy shall be cancelled at any time at  
130 the request of the insured, in which case this Company shall, upon  
131 demand and surrender of this policy, refund the excess of paid  
132 premium above the customary short rates for the expired time. This  
133 policy may be cancelled at any time by this Company by giving to the  
134 insured and any third party designated pursuant to section 38a-323a, a

135 thirty days' written notice of cancellation accompanied by the reason  
136 therefor with or without tender of the excess of paid premium above  
137 the pro rata premium for the expired time, which excess, if not  
138 tendered, shall be refunded on demand. Notice of cancellation shall  
139 state that said excess premium (if not tendered) will be refunded on  
140 demand. Where cancellation is for nonpayment of premium at least ten  
141 days' written notice of cancellation accompanied by the reason therefor  
142 shall be given.

143 Mortgagee interests and obligations. If loss hereunder is made  
144 payable, in whole or in part, to a designated mortgagee not named  
145 herein as the insured, such interest in this policy may be cancelled by  
146 giving to such mortgagee a ten days' written notice of cancellation.

147 If the insured fails to render proof of loss such mortgagee, upon  
148 notice, shall render proof of loss in the form herein specified within  
149 sixty (60) days thereafter and shall be subject to the provisions hereof  
150 relating to appraisal and time of payment and of bringing suit. If this  
151 Company shall claim that no liability existed as the mortgagor or  
152 owner, it shall, to the extent of payment of loss to the mortgagee, be  
153 subrogated to all the mortgagee's rights of recovery, but without  
154 impairing mortgagee's right to sue; or it may pay off the mortgage debt  
155 and require an assignment thereof and of the mortgage. Other  
156 provisions relating to the interests and obligations of such mortgagee  
157 may be added hereto by agreement in writing.

158 Pro rata liability. This Company shall not be liable for a greater  
159 proportion of any loss than the amount hereby insured shall bear to  
160 the whole insurance covering the property against the peril involved,  
161 whether collectible or not.

162 Requirements in case loss occurs. The insured shall give immediate  
163 written notice to this Company of any loss, protect the property from  
164 further damage, forthwith separate the damaged and undamaged  
165 personal property, put it in the best possible order, furnish a complete  
166 inventory of the destroyed, damaged and undamaged property,

167 showing in detail quantities, costs, actual cash value and amount of  
168 loss claims; AND WITHIN SIXTY DAYS AFTER THE LOSS, UNLESS  
169 SUCH TIME IS EXTENDED IN WRITING BY THIS COMPANY, THE  
170 INSURED SHALL RENDER TO THIS COMPANY A PROOF OF  
171 LOSS, signed and sworn to by the insured, stating the knowledge and  
172 belief of the insured as to the following: The time and origin of the loss,  
173 the interest of the insured and of all others in the property, the actual  
174 cash value of each item thereof and the amount of loss thereto, all  
175 encumbrances thereon, all other contracts of insurance, whether valid  
176 or not, covering any of said property, any changes in the title, use,  
177 occupation, location, possession or exposures of said property since  
178 the issuing of this policy, by whom and for what purpose any building  
179 herein described and the several parts thereof were occupied at the  
180 time of loss and whether or not it then stood on leased ground, and  
181 shall furnish a copy of all the descriptions and schedules in all policies  
182 and, if required, verified plans and specification of any building,  
183 fixtures or machinery destroyed or damaged. The insured, as often as  
184 may be reasonably required, shall exhibit to any person designated by  
185 this Company all that remains of any property herein described, and  
186 submit to examinations under oath by any person named by this  
187 Company, and subscribe the same; and, as often as may be reasonably  
188 required, shall produce for examination all books of account, bills,  
189 invoices and other vouchers, or certified copies thereof if originals be  
190 lost, at such reasonable time and place as may be designated by this  
191 Company or its representative, and shall permit extracts and copies  
192 thereof to be made.

193 Appraisal. In case the insured and this Company shall fail to agree  
194 as to the actual cash value or the amount of loss, then, on the written  
195 demand of either, each shall select a competent and disinterested  
196 appraiser and notify the other of the appraiser selected within twenty  
197 days of such demand. The appraisers shall first select a competent and  
198 disinterested umpire; and failing for fifteen days to agree upon such  
199 umpire, then, on request of the insured or this Company, such umpire  
200 shall be selected by a judge of a court of record in this state in which

201 the property covered is located. The appraisers shall then appraise the  
202 loss, stating separately actual cash value and loss to each item; and,  
203 failing to agree, shall submit their differences, only, to the umpire. An  
204 award in writing, so itemized, of any two when filed with this  
205 Company shall determine the amount of actual cash value and loss.  
206 Each appraiser shall be paid by the party selecting him and the  
207 expenses of appraisal and umpire shall be paid by the parties equally.

208 Company's options. It shall be optional with this Company to take  
209 all, or any part, of the property at the agreed or appraised value, and  
210 also to repair, rebuild or replace the property destroyed or damaged  
211 with other of like kind and quality within a reasonable time, on giving  
212 notice of its intention so to do within thirty days after the receipt of the  
213 proof of loss herein required.

214 Abandonment. There can be no abandonment to this Company of  
215 any property.

216 When loss payable. The amount of loss for which this Company  
217 may be liable shall be payable thirty days after proof of loss, as herein  
218 provided, is received by this Company and ascertainment of the loss is  
219 made either by agreement between the insured and this Company  
220 expressed in writing or by the filing with this Company of an award as  
221 herein provided. This Company and the insured may agree in writing  
222 to a partial payment of the amount of loss as an advance payment.  
223 Any advance payment shall be credited against the total amount of  
224 loss due to the insured. An advance payment shall not affect the  
225 requirement of this Company to pay the total amount of loss not later  
226 than thirty days after proof of loss.

227 Suit. No suit or action on this policy for the recovery of any claim  
228 shall be sustainable in any court of law or equity unless all the  
229 requirements of this policy shall have been complied with, and unless  
230 commenced within [eighteen] twenty-four months next after inception  
231 of the loss.



232 Subrogation. This Company may require from the insured an  
233 assignment of all right of recovery against any party for loss to the  
234 extent that payment therefor is made by this Company.

235 Sec. 4. Section 38a-724 of the 2014 supplement to the general statutes  
236 is repealed and the following is substituted in lieu thereof (*Effective*  
237 *October 1, 2014*):

238 (a) The use of an employment contract between a public adjuster  
239 and the insured shall be mandatory.

240 (1) Any such contract signed on or after October 1, 2013, shall  
241 contain a provision, prominently displayed on the first page of such  
242 contract in not less than twelve-point boldface type, specifying that the  
243 insured may cancel the contract, provided such insured notifies the  
244 public adjuster at such public adjuster's main office or branch office at  
245 the address shown in the contract, by certified mail, return receipt  
246 requested, posted not later than midnight of the fourth calendar day  
247 after the day on which the insured signs the contract, except that if the  
248 signing is on a Friday, Saturday or Sunday, the cancellation shall be  
249 posted not later than midnight of the Thursday immediately following,  
250 and thereafter the contract shall be void ab initio.

251 (2) Any such contract signed on or after October 1, 2013, that does  
252 not display the provision as specified in subdivision (1) of this  
253 subsection shall be void ab initio.

254 (b) No public adjuster shall solicit an insured between the hours of  
255 eight o'clock p.m. and eight o'clock a.m. Any public adjuster  
256 employment contract that results from a public adjuster's solicitation  
257 between such hours shall be void ab initio.

258 Sec. 5. (NEW) (*Effective from passage*) An insurer licensed to write  
259 homeowners or commercial property insurance in this state may offer  
260 flood insurance coverage for one-to-four unit owner-occupied  
261 residential real property or commercial property, as applicable, on a  
262 less than state-wide basis as selected by the insurer.

263 Sec. 6. Section 38a-745 of the general statutes is repealed and the  
264 following is substituted in lieu thereof (*Effective January 1, 2015*):

265 Each insurance policy issued or renewed on or after January 1, 2015,  
266 pursuant to sections 38a-741 to 38a-744, inclusive, as amended by this  
267 act, and 38a-794 by a surplus lines insurer shall bear on its cover, in not  
268 less than twelve-point boldface type in capital letters, the following:

269 NOTICE

270 THIS IS A SURPLUS LINES POLICY AND IS NOT PROTECTED BY  
271 THE CONNECTICUT INSURANCE GUARANTY ASSOCIATION OR  
272 SUBJECT TO REVIEW BY THE CONNECTICUT INSURANCE  
273 DEPARTMENT. IT IS IMPORTANT THAT YOU READ AND  
274 UNDERSTAND THIS POLICY.

275 Sec. 7. Section 38a-741 of the 2014 supplement to the general statutes  
276 is repealed and the following is substituted in lieu thereof (*Effective*  
277 *from passage*):

278 (a) The commissioner shall maintain on a current basis a list of those  
279 lines of insurance or their components for which coverages are  
280 believed by the commissioner to be generally unavailable from  
281 licensed insurers. The commissioner shall republish the list and make  
282 it available to all licensees every six months. Any person may request  
283 in writing that the commissioner add or remove a line of insurance or  
284 its component from the current list at the next publication of the list.  
285 The commissioner's determinations of lines of insurance or their  
286 components to be added to or removed from the list shall not be  
287 subject to chapter 54 provided prior to making determinations, the  
288 commissioner shall provide opportunity for comments from interested  
289 persons.

290 (b) (1) When any policy of insurance is procured or renewed under  
291 the authority of such license providing a line of insurance or its  
292 component that does not, on the effective date of coverage, appear on  
293 the current published list, both the licensee and the insured shall write

294 signed statements setting forth facts showing that such licensee and  
295 such insured were unable after diligent effort to procure, from any  
296 authorized insurer or insurers, the full amount of insurance required to  
297 protect the interest of such insured, and further showing (A) that the  
298 amount of insurance procured from an unauthorized insurer or  
299 insurers is only the excess over the amount so procurable from  
300 authorized insurers, (B) the type of policy, and (C) if such policy is for  
301 real property, the location of such property. Such licensee shall file  
302 such signed statements in electronic format with the commissioner on  
303 February fifteenth, May fifteenth, August fifteenth and November  
304 fifteenth of each year.

305 (2) The provisions of subdivision (1) of this subsection shall not  
306 apply to (A) any such policy providing or including flood insurance,  
307 including flood insurance procured from the National Flood Insurance  
308 Program, or (B) any policy of insurance procured under the authority  
309 of such license for an insured that is an exempt commercial purchaser,  
310 as defined in Section 527 of the Dodd-Frank Wall Street Reform and  
311 Consumer Protection Act, P.L. 111-203, as amended from time to time,  
312 provided [(A)] (i) the surplus lines broker has disclosed to such exempt  
313 commercial purchaser that such insurance may or may not be available  
314 from an authorized insurer, that may provide greater protection with  
315 more regulatory oversight, and [(B)] (ii) such exempt commercial  
316 purchaser has subsequently requested such broker, in writing, to  
317 procure such policy from an unauthorized insurer.

318 Sec. 8. Section 38a-308 of the general statutes is repealed and the  
319 following is substituted in lieu thereof (*Effective July 1, 2014*):

320 (a) (1) No policy or contract of fire insurance shall be made, issued  
321 or delivered by any admitted or nonadmitted insurer or any agent or  
322 representative thereof, on any property in this state, unless it conforms  
323 as to all provisions, stipulations, agreements and conditions with the  
324 form of policy set forth in section 38a-307, as amended by this act,  
325 except that a policy or contract of fire insurance for a commercial  
326 property made, issued or delivered by a nonadmitted insurer or any

327 agent or representative thereof may define "depreciation" differently  
328 than as set forth in section 38a-307, as amended by this act.

329     (2) There shall be printed at the head of such policy the name of the  
330 insurer or insurers issuing the policy, the location of the home office  
331 thereof, a statement showing whether such insurer or insurers are  
332 stock or mutual corporations or are reciprocal insurers or Lloyd's  
333 underwriter, provided any company organized under special charter  
334 provisions may so indicate upon its policy and may add a statement of  
335 the plan under which it operates in this state, and there may be added  
336 thereon such device or devices as the insurer or insurers issuing such  
337 policy desire. Such policy shall be clearly designated on the back of the  
338 form as "The Standard Fire Insurance Policy of the State of  
339 Connecticut"; and this designation may include the names of such  
340 other states as have adopted this standard form.

341     (3) The standard fire insurance policy provided for in section 38a-  
342 307, as amended by this act, need not be used for effecting reinsurance  
343 between insurers. If the policy is issued by a mutual, cooperative or  
344 reciprocal insurer having special regulations with respect to the  
345 payment by the policyholder of assessments, such regulations shall be  
346 printed upon the policy and any such insurer may print upon the  
347 policy such regulations as are appropriate to or required by its form of  
348 organization. Insurers issuing the standard fire insurance policy  
349 pursuant to section 38a-307, as amended by this act, are authorized to  
350 affix thereto or include therein a written statement that the policy does  
351 not cover loss or damage caused by nuclear reaction or nuclear  
352 radiation or radioactive contamination, all whether directly or  
353 indirectly resulting from an insured peril under such policy; provided  
354 nothing herein contained shall be construed to prohibit the attachment  
355 to any such policy of an endorsement or endorsements specifically  
356 assuming coverage for loss or damage caused by nuclear reaction or  
357 nuclear radiation or radioactive contamination.

358     (b) Any policy or contract that includes, either on an unspecified  
359 basis as to coverage or for an indivisible premium, coverage against

the peril of fire and substantial coverage against other perils need not comply with the provisions of subsection (a) of this section, provided: (1) Such policy or contract shall afford coverage, with respect to the peril of fire, not less than the substantial equivalent of the coverage afforded by said standard fire insurance policy; (2) except as provided under subdivision (1) of subsection (a) of this section for a policy or contract of fire insurance for a commercial property made, issued or delivered by a surplus lines insurer or any agent or representative thereof, the following provisions in said standard fire insurance policy are incorporated therein without change: (A) Mortgagee interests and obligations, (B) the definitions of actual cash value and depreciation, (C) the time period for when a loss is payable after proof of loss, and (D) the time period for when a suit or action for the recovery of a claim may be commenced; (3) such policy or contract is complete as to all of its terms without reference to any other document; and (4) the commissioner is satisfied that such policy or contract complies with the provisions hereof. The provisions of this subsection shall apply to any such policy or contract issued or renewed on or after July 1, [2012] 2014.

(c) None of the provisions of this section shall apply to policies of automobile or aircraft physical damage insurance or to policies of inland marine insurance.

(d) The provisions of section 38a-346 shall apply in the event of cancellation of a policy issued pursuant to this chapter.

(e) Any policies made, issued or delivered through a fire, liability and allied lines underwriting facility established by the Insurance Commissioner pursuant to section 38a-328 shall not be subject to the cancellation of policy provisions or notice of cancellation requirements of section 38a-307, as amended by this act, provided such policies comply with any regulation adopted by the Insurance Commissioner pursuant to subsection (a) of section 38a-328.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2014</i>	38a-316a(a)
Sec. 2	<i>October 1, 2014</i>	38a-316d
Sec. 3	<i>October 1, 2014, and applicable to policies issued or renewed on or after said date</i>	38a-307
Sec. 4	<i>October 1, 2014</i>	38a-724
Sec. 5	<i>from passage</i>	New section
Sec. 6	<i>January 1, 2015</i>	38a-745
Sec. 7	<i>from passage</i>	38a-741
Sec. 8	<i>July 1, 2014</i>	38a-308

**INS**      *Joint Favorable Subst.*